

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE COMMITTEE OF THE WHOLE  
AND THE REGULAR MEETING OF THE COMMISSIONERS  
HELD ON JUNE 2 AND 3, 2009

Pursuant to the call of the Chairman and notice duly given, the meeting of the Committee of the Whole and the regular meeting of the Commissioners of the Virginia Housing Development Authority (the "Authority") were held on June 2 and 3, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Gerald W. Hopkins, Chairman  
Charles McConnell, Vice Chairman  
John P. McCann  
Jay Fisette  
William C. Shelton  
Manju Ganeriwala  
Nancy K. O'Brien  
Yvonne T. Allmond  
Kermit E. Hale  
Marjorie N. Leon

COMMISSIONER ABSENT:

Jacqueline T. Black

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Donald L. Ritenour, Managing Director of Development  
Thomas A. Dolce, Managing Director of Servicing and Compliance  
Arthur N. Bowen, Managing Director of Finance and Administration  
Barbara Blankenship, Managing Director of Human Resources  
Janet W. Butler, Managing Director of Information Technology Services  
Russ E. Wyatt, General Auditor  
Tammy N. Taylor, Managing Director of Organizational Development and Learning  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
J. Judson McKellar, Jr., General Counsel  
John F. Hastings, Director of Multi-Family Development Programs  
Michele G. Watson, Director of Homeownership Programs  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
J. Michael Hawkins, Director of Community Housing  
Barry Merchant, Policy Analyst  
Llewellyn C. Anderson, Strategic Planner  
Melody S. Barackman, Controller  
Ronald A. Reger, Strategic Planner  
Scott Heiry, Business Intelligence Manager

Michael Stoneman, Multi-Family Owned Property Portfolio Manager  
J.D. Bondurant, Research Analyst  
Kathy Natale, Assistant Director of Business Systems  
Thomas James, Treasury and Investment Manager  
Richard Rupertus, Assistant Director of ITS Operations  
Sheila Phillips, Assistant Director of Project Management  
Joseph K. Feaser, Business Performance Analyst  
Linda Evans, Budget and Risk Management Analyst  
Matthew Blow, Intern

Chairman Hopkins called the meeting of the Committee of the Whole to order at 2:32 p.m. on June 2, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Leon who was not present at the meeting on June 2, 2009.

Mr. James presented a report on the investment policies and practices in the Authority's Treasury and Investment Department. In this report, Mr. James discussed with the Commissioners information about the investment activities and staffing of the Department, the responsibilities of the Department, the types of investments for funds of the Authority, the investment of other funds by the Authority, an overview of current market conditions, the outlook for the Authority's investments, and initiatives being undertaken by the Department.

Mr. Merchant reported on the state of the housing market and foreclosures in Virginia. In this report, Mr. Merchant discussed projections for defaults and foreclosures for the various types of loan products and for the different areas of the state, recent increases in unemployment and the projected impact of unemployment on loan defaults, the ratios of housing prices to incomes in the areas of the state outside of Northern Virginia, the distribution of foreclosures in regions other than Northern Virginia, the continuing impact of foreclosed homes on the housing market and communities in Northern Virginia, and the factors that are expected to affect any rebound in the housing markets.

Ms. Dewey reported on current market and economic conditions and recent federal program initiatives. Ms. Dewey reviewed recent accomplishments and ongoing efforts of the Authority during fiscal year 2009 in response to these conditions and initiatives, including the Authority's continued financial strength, congressional support for the Authority and its programs, the implementation of GNMA securitization to fund the single family program, the Authority's homeownership education courses, the utilization of REACH *Virginia* funding, the recent changes to the low-income housing tax credit program to allocate the federal stimulus funds, the Authority's support of the Foreclosure Prevention Task Force, the Authority's green building initiatives, the financing of mixed use, mixed income developments, and the changes to the FHA Plus program to monetize the single family tax credit. Mr. Bowen, Mr. Dolce, Mr. Ritenour, Ms. Barackman, Ms. Butler, Mr. Hill and Ms. Blankenship presented the Authority's proposed budget for fiscal year 2010. In their presentations they discussed with the

Commissioners the following matters: (i) the challenges during fiscal year 2009 and the Authority's response to those challenges; (ii) interest rates in the tax exempt and taxable bond markets; (iii) the Authority's net interest margins, non-interest expenses and excess revenues in fiscal year 2009, both budgeted and projected actual amounts, and in the proposed fiscal year 2010 budget; (iv) the sources and uses of funds in the proposed fiscal year 2010 budget; (v) the expected impact on REACH *Virginia* funds through fiscal year 2012; (vi) the following information for each fiscal year since 2000 and for the proposed 2010 fiscal year budget- the single family and multi-family loan production in units and dollars, the number of loans in the single family and multi-family portfolios, the net interest margins and excess revenues, the programmatic income and expenses, and the administrative expenses; (vii) the budgeted and projected actual amounts in fiscal year 2009 and in the proposed fiscal year 2010 budget for the following programmatic expenses- grants and program training, owned multi-family properties, housing choice vouchers, loan loss provision and expenses, ancillary fee income, and finance and mortgage servicing expenses; (viii) the budgeted and projected actual amounts in fiscal year 2009 and in the proposed fiscal year 2010 budget for the following administrative expenses- technology, marketing and business partner support, compensation and benefits, facilities and equipment, conference, training, travel, printing and other expenses; and (ix) the activities in support of the non-profit community.

There being no further business, the meeting of the Committee of the Whole was adjourned at approximately 5:22 p.m. on June 2, 2009.

Chairman Hopkins called the regular meeting of the Board of Commissioners to order at approximately 11:05 a.m. on June 3, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Fisette who joined the meeting in progress and left during the meeting as noted below.

No members of the public requested an opportunity to make any comments during the public comment period of the meeting.

The minutes of the retreat and regular meetings of the Commissioners held on March 29-31, 2009 and the minutes of the special meeting of the Commissioners held on April 17, 2009 were approved by the affirmative vote of each of the Commissioners then present at the meeting. At this point, Commissioner Fisette joined the meeting.

The resolution entitled "Resolution in Recognition and Appreciation of the Alabama Housing Finance Authority" dated June 3, 2009, was read by Mr. Reger and, on motion duly made and seconded, was approved in the form attached hereto by the affirmative vote of each of the Commissioners noted above as present at the meeting.

The Commissioners commended Ms. Dewey on the tenth anniversary of her appointment as Executive Director and presented her with a certificate of appreciation for her services.

Chairman Hopkins, on behalf of the Committee of the Whole, summarized the staff reports to, and the discussions by, the Committee on the following matters: the investment policies and practices in the Authority's Treasury and Investment Department; the state of the housing market and foreclosures in Virginia; and the Authority's proposed budget for fiscal year 2010. Commissioner Allmond moved approval of the resolution entitled "Resolution- Adoption of 2010 Fiscal Year Operating Budget" dated June 3, 2009 in the form attached hereto. This motion was seconded by Commissioner Hale. Commissioner Fisette moved approval of a substitute motion that such resolution be approved, except that approval of the amount for the 3% merit increase included in the line item titled "Associate Compensation & Benefits" be deferred until the meeting of the Commissioners on August 5, 2009. This motion was seconded by Commissioner McCann but failed to pass by a vote of 5 to 5, with Commissioners Ganeriwala, Fisette, McCann, Shelton and Leon voting "yes" and Chairman Hopkins, Vice Chairman McConnell, and Commissioners Hale, Allmond, and O'Brien voting "no." Chairman Hopkins relinquished the chair to Vice Chairman McConnell and then moved that the amount in the line item titled "Loan Loss Provision & Expenses" be increased by \$5,000,000. This motion was seconded by Commissioner O'Brien and was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting, except Commissioner McCann who voted "no." Chairman Hopkins then assumed the chair. On motion duly made and seconded, the resolution entitled "Resolution- Adoption of 2010 Fiscal Year Operating Budget" dated June 3, 2009 in the form attached hereto, as so amended, was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting, except Commissioner McCann who voted "no."

Commissioner O'Brien, on behalf of the Programs Committee, reported that the Committee had received and discussed, and recommended approval of, a resolution to amend the Authority's Qualified Allocation Plan for the allocation of the federal low-income housing tax credits. On motion duly made and seconded, the resolution entitled "Resolution Amending and Restating the Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits Including Rules and Regulations" dated June 3, 2009 in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner O'Brien reported that the Committee had received and discussed a staff report of the allocation of REACH funds for fiscal year 2010, including allocations for the Single Family SPARC Program, the Borrower's Assistance Program and the Homebuyer Tax Credit Plus Program to monetize the federal single family tax credits. Commissioner O'Brien reported that the Committee had received and discussed, and recommended approval of, a resolution to amend the Authority's rules and regulations for its single family mortgage loan program. On motion duly made and seconded, the resolution entitled "Resolution Amending the Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income" dated June 3, 2009 in the form attached hereto was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting. Commissioner O'Brien summarized the staff reports that had been received and considered by the Committee on the following matters: single family and multi-family loan production; the status of the

disposition of multi-family developments owned by the Authority; the status of the Authority's emerging markets outreach efforts and housing program for persons with disabilities; homeownership and multi-family loan delinquencies; the leasing rate in the housing choice voucher program; and the Authority's marketing activities.

Commissioner Allmond, on behalf of the Audit Committee, reported that the Committee had received a presentation from KPMG on its plan for the 2009 audit of the Authority's financial statements. Commissioner Allmond reported that the Committee had received and discussed a staff report and recommendations for the adoption of an identity theft program required by the federal Fair and Accurate Credit Transactions Act and had approved the Red Flags and Identity Theft Program in the form attached hereto. Commissioner Allmond summarized the following reports that had been received and considered by the Committee: a report from Ms. Barackman on the Authority's monthly financials and budget comparisons for the period ended April 30, 2009; a report from Mr. Wyatt on the status of the internal audit schedule and the internal audit reports and recommendations; and a report by Mr. Wyatt on the Authority's enterprise risk management activities.

Commissioner Allmond, on behalf of the Operations Committee, summarized the reports that had been received and considered by the Committee on activities in the Authority's Human Resources Division, Information Technology Services Division and Organizational, Development and Learning Division and a report on the salient features of the Authority's proposed Rental Housing Bonds, 2009 Series E.

Chairman Hopkins, on behalf of the Executive Committee, reported that the Committee had discussed staff compensation and the estimated cost of the Authority's health insurance plan.

Ms. Dewey presented her report on operations in which she advised the Commissioners of the following matters: the annual meeting of the Board to be held on August 4<sup>th</sup> and 5<sup>th</sup>; the NCSHA annual meeting in San Antonio on October 3<sup>rd</sup>-6<sup>th</sup>; the Governor's Housing Conference to be held in Norfolk on November 18<sup>th</sup>-20<sup>th</sup>; and the receipt by Commissioner Ganeriwala of an "Outstanding Woman of the Year" award by the YWCA. Following this report, Ms. Taylor introduced Mr. Blow who is enrolled at Virginia Tech in its property management program and is serving as an intern at the Authority. Mr. McKellar reviewed the requirements for electronic meetings under the Virginia Freedom of Information Act. At this point, Mr. Fisette left the meeting. Ms. Butler demonstrated a prototype for the portal being developed for use by the Commissioners.

There being no further business, the meeting was adjourned at approximately 12:35 p.m. on June 3, 2009.

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Gerald W. Hopkins, Chairman

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J. Judson McKellar, Jr.  
Assistant Secretary

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE PROGRAMS COMMITTEE  
HELD ON JUNE 3, 2009

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Programs Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on June 3, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia 23220.

COMMITTEE MEMBERS PRESENT:

Nancy K. O'Brien, Committee Chairman  
Jay Fisette  
Gerald W. Hopkins  
Marjorie N. Leon  
William C. Shelton  
Charles McConnell

OTHER COMMISSIONERS PRESENT

John P. McCann  
Yvonne T. Allmond  
Kermit E. Hale  
Manju Ganeriwala

COMMITTEE MEMBER ABSENT

Jacqueline T. Black

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Donald L. Ritenour, Managing Director of Development  
Thomas A. Dolce, Managing Director of Servicing and Compliance  
J. Judson McKellar, Jr., General Counsel  
Michele G. Watson, Director of Homeownership Programs  
John F. Hastings, Director of Multi-Family Development Programs  
James M. Chandler, Director of Low Income Housing Tax Credit Programs  
J. Michael Hawkins, Director of Community Housing  
Ronald A. Reger, Strategic Business Planner  
Herb H. Hill, Jr., Managing Director of Policy, Planning, and Communications  
Mike Stoneman, Multi-Family Owned Property Portfolio Manager  
Llewellyn C. Anderson, Strategic Business Planner  
Robert Halloran, Marketing Director  
Barbara Blankenship, Managing Director of Human Resources  
Russ Wyatt, General Auditor  
Tammy N. Taylor, Chief Learning Officer, Organizational Development and Learning  
Toni Ostrowski, Community Housing Officer  
Melody S. Barackman, Controller  
Arthur N. Bowen, Managing Director of Finance and Administration

The meeting of the Programs Committee was called to order by Committee Chairman O'Brien at approximately 9:00 a.m. All of the Commissioners listed above as being present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Fisette who joined the meeting in progress as noted below and thereafter remained present during the meeting, except Commissioner McCann who joined the meeting in progress and left the meeting as noted below, and except Commissioners Hopkins, Ganeriwala, Allmond and Hale who were present at that time but left the meeting as noted below.

On motion duly made and seconded, the minutes of the meeting of the Committee held on February 4, 2009 were approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Ritenour and Mr. Chandler presented proposed amendments to the Qualified Allocation Plan for the federal low-income housing tax credits. Mr. Chandler noted that the proposed amendments will authorize the Authority to implement the process, criteria and requirements that will govern the award of funds made available to the Authority pursuant to the American Recovery and Investment Act of 2009. Mr. Chandler advised the Commissioners that a public hearing on the proposed amendments was held on May 26, 2009 and that no one from the public was present and no written comments were received. Commissioners McCann and Fisette joined the meeting at this time. Commissioner McConnell moved that the Committee recommend approval of the resolution entitled "Resolution Amending and Restating the Plan of the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits Including Rules and Regulations" dated June 3, 2009. This motion was seconded by Commissioner Shelton and was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. McKellar presented proposed amendments to the Authority's rules and regulations for its single family mortgage loan program. Mr. McKellar advised the Commissioners that no comments on the proposed changes were received at the public hearing held on May 19, 2009. Commissioner Fisette moved that the Committee recommend approval of the resolution entitled "Resolution Amending the Rules and Regulations for Single Family Mortgage Loans to Persons and Families of Low and Moderate Income" dated June 3, 2009. This motion was seconded by Commissioner Leon and was approved by the affirmative vote of each of the members of the Committee then present at the meeting.

Mr. Ritenour presented an update on the Single Family Sponsoring Partnerships and Revitalizing Communities (SPARC) program noting that the challenging environment has required the Authority to revisit the programmatic and allocation criteria and to delay the funding for Round 8 until October 2009. Mr. Ritenour also commented that Round 7 would be extended until September 30, 2009 in order to prevent a gap in funding for the sponsors.

Mr. Dolce presented an update on program guidelines to the Authority's loan modification program known as the Borrowers Assistance Program (BAP). Mr. Dolce reported that this program is intended to reduce the borrower's mortgage payment to a

more affordable amount and to protect the financial interests of the Authority. During this report, Commissioners McCann, Hopkins, Ganeriwala, Allmond and Hale left the meeting.

Mr. Ritenour presented to the Commissioners a proposed program known as the Homebuyer Tax Credit Plus which will allow the Authority's borrowers to monetize the recently enacted federal tax credit for first time homebuyers. Mr. Ritenour reported that a second mortgage loan will be made at no interest for one year to fund down payment and closing costs in anticipation of receipt of the borrower's federal tax credit.

Mr. Ritenour and Ms. Watson presented a report on homeownership loan production for the period July 1, 2008 to April 30, 2009. Ms. Watson reported that more than 79% of the production was to households with incomes of less than 80% of the state's median income. Ms. Watson also reported that the Authority's statewide average sales price has declined from \$170,000 to \$151,000 over the last nine months.

Mr. Ritenour and Mr. Hastings presented a report on multi-family loan production for the period March 24, 2009 to May 26, 2009. In this report, Mr. Hastings noted that 14 developments consisting of 565 units had been approved for mortgage loans in the estimated total principal amount of \$11.6 million. Mr. Hastings also commented that estimated multi-family production for fiscal year 2009 is 3,500 units.

Mr. Ritenour and Mr. Stoneman presented a report on the status of the disposition of the multi-family properties owned by the Authority. Mr. Ritenour commented that while the Authority's policy is to sell the properties in the multi-family owned portfolio, staff is evaluating the potential financial benefits of holding the properties for a longer period of time until the real estate market improves.

Mr. Hawkins presented the emerging markets outreach report for the period March 2009 – April 2009.

Mr. Dolce presented reports on the status of delinquencies and foreclosures in the homeownership and multi-family portfolios. Mr. Dolce noted that the overall delinquency rates, including foreclosures and bankruptcies, for the single-family and multi-family portfolios had increased to 8.96% and 1.41%, respectively, as of April 30, 2009. Mr. Dolce also commented that there were over 500 single family loans in the 90 day delinquency category and that the single family delinquency rate is expected to climb to 10%. Mr. Dolce also reported that the Housing Choice Voucher year-to-date lease-up rate is 101% and that due to declines in the incomes of the recipients, the average voucher payment has increased causing the Authority to adjust the lease-up goal down to 98%.

Mr. Hill presented an update on the Authority's marketing activities. Mr. Halloran presented examples of advertising and marketing material that had recently received both Telly and Communicator awards. Mr. Halloran reported that the Telly awards are the premier awards honoring outstanding local, regional, and cable TV commercials and programs, as well as the video and film production.



There being no further business, the meeting was adjourned at 10:27 a.m.

## **Minutes of the Meeting of the Audit Committee Held on June 3, 2009**

The meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on June 3, 2009 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

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<b>Committee Members Present</b>	Yvonne Allmond, Chair John P. McCann Kit Hale Manju Ganeriwala
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<b>Other Commissioners Present</b>	Gerald Hopkins, Chairman of the Board
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<b>Others Present</b>	Susan F. Dewey, Executive Director Arthur N. Bowen, III, Managing Director of Finance & Administration Russ E. Wyatt, General Auditor Barbara Blankenship, Managing Director of Human Resources Melody Barackman, Controller Fred Bryant, Associate General Counsel Judson McKellar, General Counsel Rob Churchman, KPMG Cathy Glass, KPMG (via speaker phone)
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<b>Meeting Called to Order</b>	The meeting was called to order at 9:40 a.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting.
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<b>Approval of the Minutes</b>	On motion duly made by Commissioner McCann and seconded by Kit Hale, the minutes of the Audit Committee meeting of February 4, 2009 were approved.
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<b>KPMG Presentation</b>	Rob Churchman and Cathy Glass (via speaker phone) of KPMG discussed their plan and methodology for the 2009 audit. Processes to be reviewed in the current year include: lending, bond management, treasury management, investment management and financial reporting (includes investments). Preliminary fieldwork will be performed from May 18 to June 19, 2009. Year-end fieldwork from mid August
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**Audit Committee Minutes Notes**  
**June 3, 2009**

**KPMG  
Presentation**  
(con'td)

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2009 until mid September 2009. KPMG will issue audited financial statements, which are due to the Governor's Office within 90 days of fiscal year end (anticipated release date September 21, 2009). The management letter and single audit reports will be issued prior to December 31, 2009. REAC filing submission deadline is expected to be March 31, 2010. KPMG will update the Board on the status of its findings prior to issuance of the final report. Will need to schedule an interim meeting of the Committee prior to the August meeting. Cathy will coordinate with Melody and Art to have this meeting scheduled.

The following critical, significant and additional risk audit areas have been identified for the June 2009 audit:

- Mortgage loans receivable – valuation of allowance for loan losses;
- Investments – valuation of hard to value investments, (if any);
- Cash/cash equivalents, capital assets;
- Investments in rental property;
- Notes and bonds payable
- Accounts payable, accrued expenses
- Information Technology – new systems (if implemented);
- OMB Circular A-133 audit;
- Ginnie Mae MBS program; and
- Investment system (Q2) implemented in 2009.

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**Red Flags Rule**

Judson McKellar, General Counsel, reviewed the proposed Red Flags and Identity Theft Prevention Program. Mr. McKellar explained that the Program is to be implemented in compliance with the federal Fair and Accurate Credit Transactions Act and implementing guidelines issued by the Federal Trade Commission that require VHDA to have policies, procedures and programs to detect, prevent and mitigate identity theft. On motion duly made and seconded, the Red Flags and Identity Theft Prevention Program was approved by the affirmative vote of each of the Committee members noted above as present at the meeting.

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**Audit Committee Minutes Notes**  
**June 3, 2009**

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**Report on  
Monthly  
Financials and  
Budget  
Comparisons**

Melody Barackman discussed the April 2009 financial highlights:

Excess revenues before GASB 31 adjustments were \$6 million, or below plan by 50% largely due to decreased mortgage earnings, slightly higher bond costs, and investment losses. Loan losses and costs of the HCV program continue to impact programmatic expenses, however significant savings in administrative or discretionary type costs more than offset the additional programmatic costs.

For ten months, excess revenues totaled \$84 million, or \$11 million behind plan. Net interest margin was behind budget by \$13 million. Loan loss provision and related expenses were over budget by \$5 million and HCV costs exceeded budget by \$2 million. On the positive side, administrative expenses, where we have more discretionary control, performed better than budget by almost \$5 million. Compared to last year, excess revenues were \$34 million lower than last year primarily due to the lower yields on investments, additional net costs of the HCV program, additional loan losses and provision for loan reserves.

Operating results for the remaining two months of the year will likely be losses with full year results coming in at 60% - 65% of the original budget plan for FY09.

Assets for the past ten months increased by \$380 million is attributable largely to mortgage loan production, bringing total assets now exceed \$9.7 billion. Net assets increased by \$76 million to over \$2.1 billion and will remain at more than 20% of our total assets at year-end.

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**Internal Audit  
Report**

The General Auditor reported on the status of the audit schedule indicating that two audits had been completed since the last Committee meeting: Organizational Development and Learning and Information Security Administration. The General Auditor indicated that a standard report with reportable issues was issued to management for Organizational Development and Learning and a clean report was issued to management for Information Security Administration. The issues raised did not rise to the level of needing to be discussed with the Audit Committee. The General Auditor also reported that there were no adverse reports issued since the last

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**Audit Committee Minutes Notes**  
**June 3, 2009**

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**Internal Audit  
Report** (cont'd)

Committee meeting. The General Auditor indicated that the following audits are in progress: (1) General Accounting, with its GEAC Application System; (2) Payroll (Fieldwork); (3) Organizational Development and Learning. The General Auditor further reported that the Audit schedule is on track to be completed as planned.

The General Auditor also indicated that there are no control concerns that were previously reported that have not been addressed by management.

The General Auditor then gave a status update of the Enterprise Risk Management Project indicating the risk and control self assessment system is complete and due to have a phased rollout in fiscal 2010.

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**General Ledger  
System**

Melody Barackman reported that there will be a new replacement to the General Ledger System (GEAC). Hope to make a decision within two weeks and will update this committee from time to time as to progress.

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**Adjournment**

There being no further business, Commissioner Allmond moved for adjournment of the meeting at 10:58 a.m.

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Russ E. Wyatt  
General Auditor

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Yvonne Allmond  
Chairman

## **Minutes of the Meeting of the Operations Committee Held on June 2, 2009**

The meeting of the Operations Committee of the Board of Commissioners of the Virginia Housing Development Authority was held on June 2, 2009 at the offices of the Virginia Housing Development Authority, 601 S. Belvidere Street, Richmond, Virginia.

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<b>Committee Members Present</b>	Yvonne Allmond, Chair John P. McCann Kit Hale Manju Ganeriwala
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<b>Other Commissioners Present</b>	Gerald Hopkins, Chairman of the Board
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<b>Others Present</b>	Susan F. Dewey, Executive Director Arthur N. Bowen, III, Managing Director of Finance & Administration Janet Butler, Managing Director of Information Technology Services Tammy Neale, Chief Learning Officer, OD&L Barbara Blankenship, Managing Director of Human Resources Melody Barackman, Controller Michelle S. Edmonds, Sr. Executive Assistant A.J. Mezynski, Data Center Manager
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<b>Meeting Called to Order</b>	The meeting was called to order at 12:15 p.m. All of the members of the Committee noted above as being present at the meeting were present at that time and remained present throughout the meeting, with the exception of Commissioner Ganeriwala who joined the meeting in progress at 12:47 p.m.
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<b>Approval of the Minutes</b>	Commissioner McCann moved approval of the minutes of the meeting of the Operations Committee dated February 4, 2009 and the minutes of the meeting of the Operations Committee dated March 30, 2009. Commissioner Hale seconded this motion. This motion was approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.
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<b>HR Update</b>	Barbara Blankenship reviewed two issues affecting compensation as it relates to the upcoming budget approval. VHDA will be reflecting a 27 <sup>th</sup> payroll in the FY '09 budget and we will be reflecting some salary costs as being capitalized due to an accounting rule GASB 51.
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**ITS Update**

Janet Butler, Managing Director of ITS, provided a status update on the ITS project dashboard. As of right now, 19 projects are active. 10 were completed in FY 09; 4-6 are scheduled to close by June 30; (15) projects are in green status (green means everything is on schedule) and (3) are in yellow status (for awareness around possible schedule slippage and/or resource realignment due to Governance prioritization on mission critical projects). Mission critical projects introduced that impacted other projects include Homebuyer Tax Credit Plus Program (mandated due date of 6/8/09) and Ginnie Mae. (1) project is in red status - WEB Modernization Program – due to schedule slippage of approximately 3-4 weeks in getting the appropriate servers built and configured for the new infrastructure.

Ms. Butler then provided a handout and gave an update on the Computer Center Infrastructure (CCI) project. The computer center was maintaining Business Applications on an outdated infrastructure. There was the inability to perform data center maintenance without affecting core business systems and no ability to support core business programs in case of building outage. Now VHDA has fully conditioned power and 77 minutes of battery backup; dual computer room air conditioner units; new core cabling and redundant core switches; fully sealed data center room and a new generator. This work brings VHDA to industry standards and allows for minimum 10 year growth.

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**OD&L Update**

Tammy Neale gave an update on recent organizational development and learning activities. The Knowledge Center (VHDA's e-learning portal) now has over 300 courses available through Element K (vendor). The new selection of courseware provides a more targeted selection for VHDA's business needs. Soon agencies participating in the Housing Choice Voucher Program will be able to access VHDA's e-portal for on-line training required by HUD.

VHDA continues its internship program (Career Essentials) with 8 interns working in Development, PP&C and ITS. The most recent intern is a junior at Virginia Tech's Department of Apparel, Housing and Resource Management. He is working alongside asset management staff for 6 weeks in the Development Division.

Last month, VHDA hosted its final Financial Fitness brown bag luncheon for the fiscal year on Strategies for Eliminating Debt. Over 133 associates attended the series which included workshops on Understanding Your VHDA Retirement Savings Plans and Estate Planning: POAs, Advanced Medical Directives, Trusts & Wills.

In April, as part of VHDA's volunteer efforts, approximately 50 associates along with several family members participated in a Habitat Build in New Kent County along with a home renovation for Rebuilding Together Richmond. In May another 15 associates read books to various VCU Head Start classes. The books were purchased through funds raised by associates and donated to the classrooms.

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**Operations Committee Minutes**  
**June 2, 2009**

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**Salient  
Features**

Art Bowen, Managing Director of Finance & Administration, presented a Salient Features memorandum for an upcoming rental Housing Bond issue. These will be tax-exempt bonds issued to finance up to \$30 million for two developments utilizing 4% tax credits. The bonds will carry standard terms and structure, with anticipated ratings of Aa1 and AA+ from Moody's and S&P, respectively. As has been our practice recently given the unsettled markets, the bonds will be sold on a negotiated basis.

Mr. Bowen also discussed a possible bond issue currently under review whereby VHDA may issue non-amt tax-exempt refunding bonds, and use the proceeds to buy back outstanding VHDA AMT bonds through a tender offer, thereby taking advantage of current market discounts on the prices of the bonds, as well as generating ongoing debt service savings through reduced interest costs. The Board will be advised if VHDA proceeds with the transaction.

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**Adjournment**

There being no further business, Commissioner Allmond adjourned the meeting at 1:37 p.m.

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Arthur N. Bowen, III  
Managing Director of Finance &  
Administration

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Yvonne Allmond  
Chairman



VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE  
HELD ON JUNE 2, 2009

Pursuant to the call of the Chairman and notice duly given, the meeting of the Executive Committee of the Board of Commissioners of the Virginia Housing Development Authority (the "Authority") was held on June 2, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:

Gerald W. Hopkins, Chairman  
Charles McConnell  
Yvonne T. Allmond  
Nancy K. O'Brien

COMMISSIONER ABSENT:

John P. McCann

OTHERS PRESENT:

Susan F. Dewey, Executive Director  
Barbara Blankenship, Managing Director of Human Resources

Chairman McCann called the meeting of the Committee to order at approximately 6:05 p.m. All of the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting.

The members of the Committee discussed the process for reviewing Ms. Dewey's performance. There being no further business, the meeting was adjourned at approximately 7:10 p.m.